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SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 10/02/08

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ARTICLES:

(1) Hawkish lawmakers repeatedly make "homogeneous race" remarks;  
"Coelacanth" inadvertently reveals his real feelings; Emperor felt  
kinship with Korea

Former Land and Transport Minister Nariaki Nakayama excoriated the Japan Teachers Union (Nikkyoso), described those engaging in the struggle against expansion of Narita Airport as "squeaky wheels," and called Japan "ethnically homogeneous." Hawkish lawmakers have repeatedly used the phrase "Japan is a homogeneous country" to tell the Japanese people how "superior" they are. What is the purpose for using such a phrase? The newspaper looked back at similar remarks made in the past.

Nakayama, who had previously served as an education, science and technology minister, resigned as land and transport minister only five days after assuming the post. Although his name recognition is low, Nakayama, who is also the secretary general of the Machimura faction, is regarded as a heavyweight. History tells us that hawkish heavyweights are prone to make "homogeneous race" remarks.

An LDP convention was held in Kannai Town, Shizuoka Prefecture, on September 22, 1986, in which then Prime Minister Yasuhiro Nakasone delivered a speech. When the topic turned to international affairs, Nakasone said that Japanese had a higher intellectual level than other peoples, adding that the intellectual level of the United States was much lower because the country had a population of blacks and other minorities. His remarks drew fire from the United States, and Nakasone had to hold a press conference two days later to offer an apology. He said: "What I intended to say was that because Japan is a nation with a homogenous race, providing (education) is easy."

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But his explanation then drew fierce protests from the Hokkaido Utari Association as ignoring the Ainu, a race indigenous to Japan.

On July 2, 2001, Lower House member Muneo Suzuki and then METI Minister Takeo Hiranuma made "homogeneous race" remarks one after another. Suzuki, in his speech in Tokyo's Yurakucho district, said: "(The Ainu people) have been assimilated into the Japanese race." Hiranuma at a political party in Sapporo described Japan as a "highly homogeneous country."

On October 15, 2005, then Internal Affairs and Communications Minister Taro Aso in a speech in Dazaifu, Fukuoka Prefecture, praised Japan for having "one culture, one civilization, one language, and one ethnic group."

That is not all. In an LDP Nagasaki chapter convention held on February 25, 2007, then Education, Science and Technology Minister Bunmei Ibuki said: "Japan has been historically governed by the Yamato (Japanese) race. Japan is an extremely homogeneous country." This raised questions about Ibuki's suitability as a lawmaker.

All those statements drew strong objections from minority groups, such as the Hokkaido Ainu Association, as well as from human rights organizations, like Amnesty International, Japan.

The UN General Assembly adopted last year a declaration on the rights of indigenous people. Japan, too, later adopted a Diet resolution recognizing the Ainu as Japan's indigenous people. The Indigenous Peoples Summit was held in Hokkaido in July ahead of the G-8 Summit. The understanding of minorities should have deepened over the last year.

But Nakayama soon after becoming transport minister uttered these words: "Japan is very introverted, or what may be called ethnically homogenous."

The series of "homogeneous race nation" remarks tend to prompt us to conclude that the hawkish lawmakers simply tried to fly balloons or disseminate propaganda.

Political analyst Minoru Morita thinks otherwise. He said: "They just let their real feelings slip out inadvertently, just like they do in their everyday conversations."

Morita also disgustingly commented on Nakayama: "Over the last couple of decades, the country has been remorseful for the oppression of the indigenous people. Nakayama is just too ignorant and has a warped perspective. His view is unacceptable internationally. Such a person should not have served as education and science and technology minister even for a short period of time. Japan's commonsense is being questioned."

Kichiya Kobayashi, another political analyst, thinks Nakayama's remarks are worse than other ethnically discriminatory comments in the past. He said: "The adoption in June of the Diet resolution on the indigenous people clearly tells us that Japan is not a nation with a homogenous race. There is an understanding even in the conservative camp that the matter must not be mentioned ever again. It is outrageous for him now to call Japan ethnically homogeneous."

Keio University Professor Eiji Oguma was disgusted: "There is a clear distinction between modern day conservatives debating such

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historical issues as the number of casualties in the Nanjing Incident and Nakayama's comments. He does not understand the times."

Oguma added: "The conservatives' argument that Japan is an ethnically homogeneous country was a product of the economic nationalism that thrived during the country's high growth period from the late 1960s through the 1980s. It thrived along with the argument that the Japanese people are a diligent, superior race. I thought the theory died out with the deterioration of the economy in the late 1990s. Nakayama's remarks indicated as if his world view stopped two or three decades ago. To me, he is like a coelacanth (a primitive fish once thought extinct). From his appointment, I can sense the LDP has a dearth of talented lawmakers."

Kobayashi thinks Nakayama has dampened the enthusiasm of committed LDP supporters. Kobayashi further noted this about Nakayama's anachronistic opinions: "In the LDP, there are only a handful of hawks comparable to Nakayama. Most LDP members are moderate conservatives who are not uncomfortable with the ideas of Democratic Party of Japan. Since Nakayama's remarks, some in the LDP are leaning toward raising the white flag. His remarks have pushed the establishment of a coalition opposition administration or an independent administration to within reach of the DPJ."

Morita further commented: "Nakayama does not qualify for a Diet seat. The LDP should expel him from the party. If this situation persists, a change of government would occur. What Nakayama said is tantamount to a death sentence to the LDP."

In a press conference in December 2001, the Emperor said: "I feel a certain kinship with Korea, given the fact that it is recorded in the "Shoku-Nihongi" (Chronicles of Japan) that the mother of Emperor Kanmu was of the line of King Muryong who ruled the Paekche Kingdom." The Emperor's statement is taken as a reference to the kinship between the Imperial Family and the people living on the Korean Peninsula, as well as to the antiquity of exchanges between Japan and Korea.

Those conservative lawmakers who tend to insist on Japan being ethnically homogeneous seem to care less about their remarks' consistency with the Emperor's kinship statement.

Morita noted: "They are imbued with outmoded thinking of the kind that fabricated history. They respect the Emperor at their own convenience. They respect themselves most of the time."

(2) Interview with Seiji Maehara, vice president of the Democratic Party of Japan: Security requires pragmatic responses

YOMIURI (Page 4) (Full)  
September 2, 2008

Interviewed by Shoji Minami

-- Prime Minister Taro Aso is considering postponing the next Lower

House election.

"There are moves in the Diet that envisage dissolution, so lawmakers are not in the mood to discuss important state affairs. It is necessary to dissolve the Diet at an early date and deal with a variety of issues under a new structure."

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-- You raised questions about the DPJ's campaign pledges, such as how to cover the costs of what was promised in last summer's Upper House election was unclear.

"I didn't mean to criticize President Ozawa. I raised those questions, thinking the party needed a sense of crisis in order to be able to be serious about taking over the reins of government. Our party's campaign pledges for the next Lower House election are supposed to come with a road map, so this time, I think things will be easier for the public to understand."

-- In yesterday's Lower House interpellation session, President Ozawa said security can be ensured through UN peace-building operations.

"What Mr. Ozawa said is correct. But leaving everything to the United Nations is an idealistic theory. We need to consider our responses more in line with reality."

-- What is your view about hiking the consumption tax rate?

"It will be unavoidable in the future to drastically reform the tax system, including a review of the consumption tax rate, after thoroughly implementing administrative reform."

-- What is the win-lose line for the upcoming Lower House election? How should Mr. Ozawa take responsibility in the event the party suffers a defeat?

"I have no intention of setting minimum number that would require President Ozawa to take responsibility if it was not attained. The party members are united in their aim of the DPJ becoming the largest party, and if possible, achieving an independent majority."

-- Do you have any intention of seeking political realignment by teaming up with former LDP Secretary General Hidemao Nakagawa and others after the Lower House election?

"All I can say for now is that I will aim at a change of government as a member of the DPJ. That's all I can say."

-- Is your party going to cooperate with the Japanese Communist Party in election campaigns in Kyoto, your home turf?

"Our party has vied with the LDP and JCP in Kyoto. There is no possibility for us to cooperate with the JCP."

(3) Iwakuni being floated as possible "assassin candidate" against Ota in Tokyo No. 12 district; Ozawa will not switch to another district?

SANKEI (Page 5) (Full)  
October 2, 2008

The idea is being floated in the main opposition Democratic Party of Japan (DPJ) that Lower House member Tetsundo Iwakuni, 72, should be fielded in the Lower House Tokyo No. 12 district for the next House of Representatives election, according to sources connected to the DPJ. There recently was a rumor that DPJ President Ichiro Ozawa might run from the Tokyo No. 12 constituency.

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Iwakuni is serving in his fourth term in the Lower House. After running unsuccessfully for the governorship of Tokyo in 1995, he was

elected from the Tokyo No. 6 district to the Lower House for the first time in 1996. He was elected from the proportional representation Tokyo bloc in the 2000 Lower House election. Before entering national politics, he served as mayor of Izumo City in Shimane Prefecture. Before that, he was senior vice-president of Merrill Lynch in Japan.

The Tokyo No. 12 district is the home turf of New Komeito leader Akihiro Ota. The DPJ aims to fight against Ota by filing the candidacy of high-profile Iwakuni, according to a senior DPJ member. If this is the case, another senior member said: "Mr. Ozawa would run in the Iwate No. 4 district, his home constituency of Iwate Prefecture."

However, Iwakuni, whose home turf is currently the Kanagawa No. 8 district, yesterday told the Sankei Shimbun: "I haven't heard anything about it. I have switched the electoral district twice for the sake of the party. It is impossible for me to switch to another district." He denied the rumor.

A senior DPJ Election Campaign Committee member said: "Ozawa has direct control" over the selection of a candidate for the Tokyo No. 12 district. Therefore, attention is being fixed on Ozawa's moves.

#### (4) Economic fundamentalism that does not see reality

SANKEI (Page 1) (Full)  
October 2, 2008

Satoshi Higashitani, journalist

A number of failures of financial institutions in the U.S. and efforts to bail them out are having an immense impact on the Japanese economy. Bankruptcies are already increasing sharply. Anxiety is spreading among small and medium-sized businesses. They are concerned that the era of credit crunches and forcible collecting of loans might return.

The Financial Services Agency (FSA) on September 2 released a policy paper titled "Future Measures Designed to Facilitate Finances for Small and Medium-sized Businesses." The report calls for fine-tuned lending decisions, based on the current status of the management and individuality features of small and medium-sized businesses. On September 19, it announced a plan to hold an emergency consultation session for such businesses throughout the nation with the aim of addressing the impact of the failure of U.S. securities houses.

Today, when financial officials mention financing small to medium-sized businesses, the days when disorderly financial administration based on the Financial Inspection Manual was in place -- from 1999 through 2003 -- seem like decades ago. This inspection manual was the adaptation of the Commercial Bank Examination Manual of the U.S., where circumstances are different. The idea was to evaluate companies, based on their capital base. The result was many small to medium-sized businesses that had continued corporate management with a small amount of capital for a long period of time, depending on steady financing by banks, were unduly labeled borrowers in danger of going bankrupt.

The new supplementary volume of the Financial Examination Manual,

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issued in March this year, much more correctly reflect the reality of Japan's smaller businesses. It approves continuous financing as routine. However, this is not reassuring, because the Koizumi administration merged government-affiliated financial institutions, overcoming fierce opposition from managers of small and medium-sized businesses. As a result, financing channels at a time when the economy took a downward turn have been narrowed.

The FSA is still adhering to a stance of approving only one evaluation for one company. It means that if one financial institution labels a certain company a borrower requiring attention, it is not possible to change this labeling, even if other financial institutions have different information on this company. This is irrational. It also denies there is a financial business itself.

For instance, it is fully possible that even if a leading bank determines a certain company is a borrower requiring attention without elaborately examining its financial standing, credit unions or credit associations may judge that company is a normal borrower, based on insufficient inspection.

The FSA's policy of allowing one evaluation for one company renders management efforts by financial institutions meaningless and set the evaluation of companies at the lowest level.

To begin with, the financial standing of small to medium-sized companies differs significantly. Some companies are capitalized at several million yen. Others are capitalized at nearly 300 million yen. Even among companies that are in the same line of business, there is a difference in payout time between companies that manufacture a variety of products and companies that manufacture a small number of products on a limited basis.

It is easy to imagine that the reality with diversity requires diverse policies. However, financial officials sometimes try to deal with the situation only with one clear-cut principle. Such narrow-minded fundamentalism gave rise to credit crunches and forcible collecting of loans based on the old Financial Examination Manual.

Though the new cabinet is dubbed an election-destined cabinet, it is clear that it is aspiring to diverse and comprehensive fiscal and financial policies. I want to see policy proposals based on the reality of small- and medium-sized companies, the source of economic vitality in Japan.

(5) JICA to draw up ODA plan for each country, region, aiming to make operations more effective under unified system

NIKKEI (Page 7) (Full)  
October 2, 2008

The overhauled Japan International Cooperation Agency (JICA), which was launched yesterday, will draw up an assistance plan for each country and region, giving priority to official development assistance (ODA). Until now, research was conducted by separate organizations before a decision was made on providing ODA funds, but this will be unified under the new JICA. The aim is to establish a speedy and effective aid system, reflecting the shrinking ODA budget, which has been suffering due to the country's fiscal difficulties.

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Japan's ODA program includes yen loans, grant aid, and technical assistance. Until the end of September, yen loans were offered by the former Japan Bank for International Cooperation (JBIC), grant aid was handled by the Foreign Ministry, and technical assistance was provided by the former version of JICA.

The government decided to integrate organizations handling ODA, aiming to streamline administrative functions and improving aid efficiency. Merging with the yen loan operations of the former JBIC, a revamped JICA was launched yesterday, based on the revised JICA Law enacted in 2006.

The new JICA has about 1 trillion yen in funds available for projects per year, making it the world's largest aid organization. The reorganized JICA is tasked with overseeing all ODA activities, excluding highly urgent grant aid.

In accordance with the Japanese government's foreign policy, the JICA will compile an assistance plan for each country or region that includes aid in such areas as infrastructure construction, climate change, medicine and health, and disputes and terrorism. The projects will be implemented on a priority basis, based on the level of urgency for the need of such aid.

JICA will introduce a new system called a cooperative preparation research system. Officials handling yen loans, grants, and technical

assistance related to ODA used to carry out studies separately, but this is to be unified under the new JICA. Studies will be conducted to find out in which regions aid is most needed and what kinds of aid are being sought.

The new system makes it easier to offer aid in a comprehensive package, such as offering grants to build a hospital, yen loans to build surrounding roads, and technological assistance to train doctors and nurses. There were few cases of different types of ODA provided in a package.

Overseas offices will be integrated. JICA had 55 offices, and JBIC had 19 offices as of the end of September, but these will be integrated into 56 offices, with the aim that policy decisions will now be quickly delivered.

(6) U.S. military possibly prepared for delay in Futenma relocation to Henoko: Gabe

OKINAWA TIMES (Page 2) (Full)  
October 2, 2008

The U.S. Department of the Navy has released a report unveiling specific plans to relocate units and troops from the U.S. Marines in Okinawa to Guam in the process of realigning U.S. forces in Japan. The plan to move Okinawa-based Marines to Guam is said to be in a package with the planned relocation of Futenma airfield. However, actual progress is hard to see. The Okinawa Times interviewed Masaaki Gabe, a professor of international political science at the University of the Ryukyus, to hear his views on the Guam relocation.

The U.S. military plans to turn Guam into a hub for its forward deployment of troops along with its realignment. However, they have yet to map out a final masterplan. That's why they're now at a standstill. The U.S. Department of the Navy submitted a document,

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titled "Progress Report on Guam Defense Plans" (as of Sept. 15), to the U.S. House of Representatives and the Guam government. According to this report, the U.S. military will move Marines from Okinawa to Guam by 2014. In addition, the Navy will construct a berth there for aircraft carriers. The Air Force will deploy drones tasked with intelligence, surveillance, and reconnaissance activities. The Army plans to deploy missiles for theater high altitude area defense (THAAD) as ballistic missile defense and low altitude missiles (PAC-3). However, the report goes no further than to report on the progress of these deployment plans. In other words, it only shows a provisional hub base construction plan for the present.

In May 2006, Japan and the United States agreed to realign U.S. forces in Japan. Based on this agreement, the U.S. Congress set about a budget plan to construct bases on Guam. In this regard, the U.S. Congress requested the Department of Defense to formulate a masterplan by December 2006.

However, the Pentagon had to postpone its work of creating the masterplan because it could not finalize a Guam redeployment plan for the U.S. Marines and an environmental impact assessment was also delayed. The U.S. Congress reset the deadline for the Pentagon to come up with the masterplan by Sept. 15, 2008. However, they are still at a standstill.

On Sept. 17, the Government Accountability Office (GAO) of the U.S. Congress released a report for deliberations to budget the U.S. military's realignment plans. According to the GAO report, the Pentagon, at this point, is expected to present the masterplan in December 2009 or January 2010.

Tokyo and Washington have now concurred on realigning U.S. forces in Japan. According to this accord, the U.S. military was to have worked out a plan by March 2007 to integrate the functions of Marine bases in Okinawa. This base integration plan, however, has yet to be finalized. Meanwhile, the United States has also agreed to return the sites of its military bases located south of Kadena Air Base as a showcase to mitigate Okinawa's base-hosting burden. However,

neither of the Japanese and U.S. governments has revealed even an outlook for when the masterplan will come out.

According to the GAO report, the Pentagon will start construction work in 2010 on Guam as a hub for the U.S. military's forward deployment of troops after the Japanese government starts the work of constructing a new airfield at Henoko. Simply speaking, the construction of a new airfield on Okinawa will determine Guam's hub base construction and will affect the U.S. military's realignment.

The progress report that I introduced at the beginning says the U.S. Marines to be redeployed to Guam include Futenma-based troops for such tasks as air traffic control and logistics. In addition, one of the two helicopter squadrons currently based at Futenma airfield will be transferred to Guam. The Guam relocation plan may be in preparation for the case where the U.S. military sees no progress in the relocation of Futenma airfield to Henoko.

#### (7) TOP HEADLINES

Asahi, Mainichi, Yomiuri:  
46-year-old customer arrested on murder charge over video parlor arson

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Nikkei:  
Fujitsu to sell hard disk drive unit to U.S. Western Digital

Sankei:  
Aso, Ozawa argue on different planes in Diet debate

Tokyo Shimbun:  
Prime minister expresses eagerness to enact extra budget, refers to extra economic measures in representatives interpellations

Akahata:  
Temporary worker who was fired for accusation of disguised contracts launches counterattack against Canon

#### (8) EDITORIALS

Asahi:  
(1) In interpellation session, points of contention between Aso, Ozawa come to light  
(2) Countermeasures urged for to prevent fire at video parlors comparable to inns

Mainichi:  
(1) Use questions by Ozawa as basis for policy debate  
(2) Video parlor arson: Don't leave dangerous salons with private rooms unattended

Yomiuri:  
(1) Party heads argue on different planes in interpellation session  
(2) Review fire-prevention system at private room salons

Nikkei:  
(1) Deepen debate between Aso, Ozawa in party head talks  
(2) U.S. financial crisis cooling business sentiment

Sankei:  
(1) Aso, Ozawa should conduct heated policy debate in party head talks again  
(2) Video parlor fire: Raise awareness of disaster prevention to higher level than that set in rules

Tokyo Shimbun:  
(1) Aso and Ozawa deliver something like street-corner campaign speeches  
(2) Video parlor fire: Learned lessons were not applied

Akahata:  
(1) Agreement over drug-caused hepatitis C debacle: Take best measures to eradicate drug diseases, to save patients

(9) Prime Minister's schedule, October 1

NIKKEI (Page 2) (Full)  
October 2, 2008

07:32

Took a walk around his private residence in Kamiyama-cho.

11:26

Met with Party Youth Division Director Inoue.

13:02

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Plenary session in the Lower House

16:45

Received phone call from Australian Prime Minister Rudd. Vice Finance Minister for International Financial Affairs Shinohara and Foreign Ministry Asia-Oceanic Affairs Division Director General Saiki were present.

18:35

Meeting of 21st-term members of the Science Council of Japan held at the Gakushu Kaikan Hall in Kanda-Nishiki-cho.

18:56

Dined with staff members of the Aso Office at a Chinese restaurant in Grand Prince Hotel Akasaka.

21:42

Arrived at the private residence.

SCHIEFFER